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World Production and Trade

United States
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Service

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Weekly
Roundup

WR 5-86

Feb. 5, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Brazil Signs Wheat Agreement With Canada. Brazil has signed a new 4.5-million-ton, three-year wheat agreement with Canada. The new agreement has lower minimum annual purchases, 750,000-1.5 million metric tons in calendar 1986-88, than the previous (1983-85) agreement, which called for 1-1.5 million tons annually. The lower minimum should allow Brazil more flexibility with respect to its import levels, which could be particularly important this year. Production for 1985/86 is estimated to reach a record 4.1 million tons, more than double last year's harvest because of expanded area and higher yields. Imports are forecast to be sharply lower, down 2 million tons from 5.4 million tons in 1984/85 (October/September). Brazilian wheat imports average 4 million tons, but range from 3 million to 5 million.

Canada's Ontario Wheat Board Signs Agreement With Egypt. The Ontario Wheat Producer's Marketing Board (OWPMB) has agreed to supply Egypt with 750,000 tons of white wheat over the next three years. The first OWPMB contract with the Egyptian government will reportedly utilize newly created, federally backed Export Development Corporation (EDC) credit. The new EDC credit program, for non-Canadian Wheat Board grains, is targeted to protect traditional markets or encourage the penetration of new ones where competitors are offering "predatory terms"; the credit is only available on sales made directly to governments. This wheat will be in addition to the 500,000 tons per year covered in the Canadian Wheat Board's three year long term agreement.

Israel's Grain Crop Forecast To Be Down in 1985/86. Israel's total grain production in 1985/86 is estimated at 180,000 tons, down 10 percent from last year's poor crop and the lowest in two decades, according to field reports from Tel Aviv. Massive irrigation of wheat was required to alleviate drought conditions continuing from the 1984/85 season. Wheat production is estimated at 110,000 tons, 15 percent below last year and 49 percent below the recent five-year average. Coarse grain production is estimated at 70,000 tons, unchanged from last year. For specific grain crops, production estimates and changes from last year are as follows: barley, 15,000 tons, down 46 percent; sorghum, 35,000 tons, up 30 percent; and corn, 20,000 tons, up 33 percent. The increase in sorghum and corn is related to a shift from cotton, which has become less profitable.

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OILSEEDS AND PRODUCTS

Soviet Purchases of U.S. Soybeans Are Highest Since 1978/79. Private exporters reported to the USDA this week sales of 452,400 tons of soybeans for delivery to the USSR during the 1985/86 marketing year and under the third year of the Long-Term Grain Supply Agreement. Sales of soybeans to the USSR for delivery during the third year of the agreement now total 927,800 tons. This is the largest volume of U.S. soybean sales to the USSR since 1978/79, when 1.2 million tons were exported. Exporters also reported soybean sales to unknown destinations on January 15 and 16 for 152,400 and 200,000 tons, respectively, which traders say were most likely Soviet purchases.

Upturn in 1986 Spanish Soybean Imports Predicted. Spanish trade sources predict an upturn in 1986 soybean imports with less competition from South American meal. The U.S. agricultural counselor in Madrid has revised his 1985/86 forecast of Spanish soybean imports from 2.0 million tons to 2.1 million tons. In 1984/85, Spain imported 2.0 million tons of soybeans. An increase in soybean imports this year would break the trend in Spain's soybean imports, which have declined steadily since 1982.

DAIRY, LIVESTOCK AND POULTRY

China's Livestock Sector Makes Gains in 1985. The livestock sector in China made major gains in 1985, according to the U.S. agricultural counselor in Beijing. Red meat output was reported at 16.45 million tons, 6.8 percent above 1984. Pork output was reported at 15.4 million tons, up 6.9 percent. Beef production was up 11 percent, but the volume of beef output, at 0.4 million tons, is small. Output of mutton and goat meat was reported at 0.6 million tons, essentially the same as in 1984.

Production of eggs increased 23 percent in 1985, reaching 5.3 million tons (about 95 billion eggs). Producers are reported to be taking advantage of improved marketing channels and more favorable price relationships. Output of 95 billion eggs would make China the world's leading producer, well ahead of the USSR with 77 billion eggs or the United States with output of 68 billion.

TOBACCO

U.S. Exports of Unmanufactured Tobacco Up in 1985. December export figures just released show that U.S. exports of unmanufactured tobacco were up in 1985 to 249,015 tons, valued at \$1.52 billion, an increase of 1 percent over 1984. Increases were due primarily to higher burley exports, where an excellent 1984 crop continued to move through trade. Burley tobacco exports of 46,405 tons, valued at \$335.5 million, were 39 percent greater in quantity and value over a year ago. Leading purchasers were Japan and West Germany. The larger exports were mainly the result of reduced purchases during 1984 due to the lower quality 1983 crop. Flue-cured tobacco continues as the leading export category and during 1985 reached 151,107 tons, valued at \$978 million. Compared to 1984, however, flue-cured tobacco exports were down 4.5 percent in quantity and 10 percent in value. Leading purchasers of flue-cured tobacco were Japan, Egypt and Taiwan.

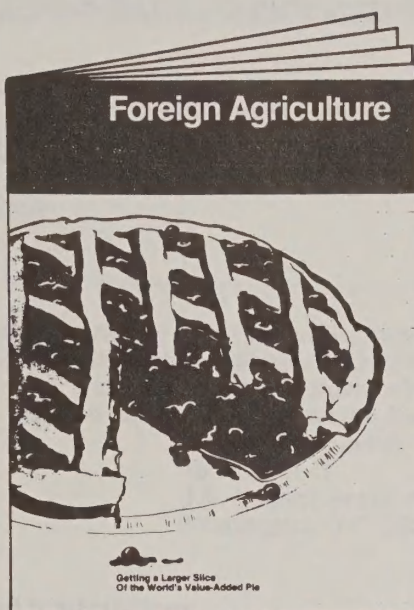
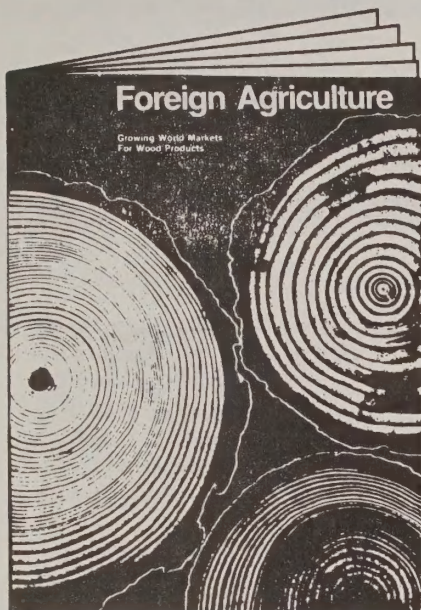
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Japanese Cigarette Imports Up. Japan's cigarette imports during January-November 1985 were 6.97 billion pieces, an increase of 9 percent over the same period in 1984. Imports of cigarettes from the United States were 6.4 billion pieces, up 7 percent from a year ago. Japanese retail sales of imported cigarettes for January-November were 6.5 billion pieces, 14 percent above a year ago. Domestic cigarette sales were 273.2 billion pieces, nearly the same as in 1984. During the January-November period, imported cigarettes represented 2 percent of total Japanese cigarette sales.

Selected International Prices

Item	:	Feb. 4, 1986	:	Change from	:	A year
	:		:	12/17/85	:	ago
ROTTERDAM PRICES 1/		\$ per MT		\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.		N.Q.	--	--		190.50
U.S. No. 2 DNS/NS: 14%....		174.00	4.74	0		184.00
U.S. No. 2 S.R.W.		151.50	4.12	-1.00		167.00
U.S. No. 3 H.A.D.....9/		164.00	4.46	-1.00		185.00
Canadian No. 1 A: Durum...		N.Q.	--	--		194.00
Feed grains:						
U.S. No. 3 Yellow Corn....		117.00	2.97	-.50		134.50
Soybeans and meal:						
U.S. No. 2 Yellow.....		216.50	5.89	-4.70		243.50
Brazil 47/48% SoyaPellets		201.00	--	-8.00		172.00
U.S. 44% Soybean Meal....		178.00	--	-9.00		158.00
U.S. FARM PRICES 3/						
Wheat.....		110.59	3.01	+.73		123.81
Barley.....		N.Q.	N.Q.	N.Q.		82.67
Corn.....		90.55	2.30	+3.22		119.88
Sorghum.....		79.81	3.62 2/	+3.53		93.48
Broilers.....		1082.68	--	-68.78		1120.16
EC IMPORT LEVIES						
Wheat 5/.....		136.45	3.71	+5.20		42.25
Barley.....		126.15	2.75	+7.25		56.05
Corn.....		109.45	2.78	+4.35		44.20
Sorghum.....		117.85	2.99	+4.95		53.65
Broilers 4/ 6/ 8/.....		N.Q.	--	N.Q.		N.Q.
EC INTERVENTION PRICES 7/						
Common wheat(feed quality)		176.30	4.80	+1.90		137.80
Bread wheat (min. quality)		187.70	5.11	+2.05		146.70
Barley and all						
other feed grains.....		176.30	--	+1.90		137.80
Broilers 4/ 6/.....		N.Q.	--	N.Q.		N.Q.
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		N.A.	--	--		14.70
Barley.....		89.30	1.94	--		28.75
Broilers 4/ 6/ 8/.....		N.Q.	--	+N.Q.		N.Q.

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ April-May shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis February delivery.



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